

# Collins Forensic and Valuation Services

3600 American River Drive, Suite 147, Sacramento, CA 95864

Phone 916.333.5330

## Our Business Appraisal Process & Fees

The following is a summary of how we value companies and the fees we charge:

**1. REVIEW OF DOCUMENTS.** We review client provided documents including tax returns, financial statements, real estate appraisals, equipment lists, and entity documents.

**2. RESEARCH THE COMPANY'S INDUSTRY.** We research the company's industry and also search for recent sales of similar companies.

**3. MEET WITH THE CLIENT.** After reviewing the client's documents and performing preliminary research, we interview the client at their place of business to obtain a better understanding of how their company operates. By visiting a company's location, it is possible to: see if they have capacity for growth, evaluate the company's management structure and determine if there are any non-operating assets.

**4. DETERMINE THE COMPANY'S CASH FLOW.** We determine the company's cash flow by reviewing the company's net income, the owner's compensation and perquisites, depreciation expense and other items.

**5. WRITE THE VALUATION REPORT.** At a minimum, our valuation reports include the following:

- (a) A description of the company including its products, services, clients, suppliers, employees, management structure, competition, etc.
- (b) An explanation of the cost, income and market valuation approaches applied in valuing the company. Several spreadsheets are provided to support our valuation approach calculations.
- (c) A conclusion page summarizing our findings.
- (d) A list of information sources considered in valuing the company, including people interviewed, documents reviewed, and other valuation materials relied upon.

**6. FEES AND FACTORS AFFECTING FEES.** As you know, it is difficult to quote fees without knowing a particular company's situation. However, we are often asked how much it costs to have a business appraised; therefore, we think it would be helpful for you to know the following:

### Family Law Valuations

We charge \$4,000 for a straightforward family law valuation (meaning client records are provided after one request and the business owner pays few personal expenses through the business). Usually the fee is higher if there is a need to value the business as of two different dates. Generally, we ask for a retainer of \$4,000 and complete a valuation report within two weeks of receiving the company's documents.

### Estate Planning Valuations

We charge \$5,500 for a straight-forward estate planning valuation. The fee for these valuations is higher because more documentation is required to substantiate marketability and minority discounts and to fully document our understanding of the entity's legal agreements, the economy, and the company's industry. We ask for 50% of the fee in advance and for the balance upon delivery of the report. It usually takes three weeks to complete a report after receiving the company's documents.

### Other Valuations

We also perform valuations for purchases and sales of businesses, shareholder disputes, tax purposes, and for ESOP purposes.

Please call me with your comments at 916.756.5622.

— Thomas Collins, CPA / ABV, CFA

